

BORSA İSTANBUL A.Ş. DISPUTE COMMITTEES' WORKING PROCEDURES AND PRINCIPLES DIRECTIVE

FIRST SECTION

Objective, Scope, Basis, Definitions and Abbreviations

Objective

Article 1- (1) The objective of the Directive is to regulate the working procedures and principles of the Dispute Committees of Borsa İstanbul A.Ş..

Scope

Article 2- (1) The Directive regulates;

- a) The disputes between the persons authorized to trade or between the persons authorized to trade and their customers arising from exchange transactions made in the markets, marketplaces, platforms or systems related to the capital market instruments,
- b) Disputes arising between the persons authorized to trade or between the persons authorized to trade and their customers arising from exchange transactions made in the Precious Metals Market and the Precious Metals Lending Market.

Basis

Article 3- (1) This Directive has been prepared on the basis of the fourth paragraph of Article 48 of Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities which is published in the Official Gazette on the date of 19/10/2014 and numbered as 29150 and of the first paragraph of Article 22 of Borsa İstanbul A.Ş. Regulation on the Principles of Exchange Activities Related to Precious Metals and Diamonds which is published at the same Official Gazette.

Definitions and Abbreviations

Article 4 - (1) As mentioned at the Directive, the following terms refers to;

- a) BİAŞ Regulation: Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities which is published in the Official Gazette on the date of 19/10/2014 and numbered as 29150,
- b) Borsa: Borsa İstanbul Anonim Şirketi,
- c) Exchange transaction: Transmitting the buying and selling orders to Borsa, matching these orders with Borsa rules, and fulfilling the obligations regarding these transactions within the methods and timeframes specified in the regulations of Borsa and the relevant clearing and custody institutions,
- ç) Supervision and Oversight Board: Supervision and Oversight Board of Borsa,
- d) General Manager: General Manager of Borsa,
- e) Persons authorized to trade: Those who are authorized by being Borsa member pursuant to the first paragraph of Article 24 of Regulation on Principles of Foundation, Operations, Activities and Audit of Exchanges and Market Operators published in the Official Gazette on the date of 19/07/2013 and numbered as 28712 and those who are authorized without being Borsa member pursuant to the third paragraph of the same Article,
- f) Law: Capital Markets Law no. 6362 dated 06/12/2012 entered into force by being published in the Official Gazette on the date of 30/12/2012 and numbered as 28513,

- g) PMD Regulation: Borsa İstanbul A.Ş. Regulation on the Principles of Exchange Activities Related to Precious Metals And Diamonds which is published in the Official Gazette on the date of 19/10/2014 and numbered as 29150,
- ğ) PMDM: Precious Metals and Diamonds Markets,
- h) PMLM: Precious Metals Lending Market in the PMDM,
- ı) PMM: Precious Metals Market in the PMDM,
- i) Committee: Borsa Dispute Committee(s),
- j) Board: Capital Markets Board,
- k) Rapporteur: Borsa Chief Legal Counsel or the department employees to be assigned by the Chief Legal Counsel,
- l) Capital market instruments: Capital market instruments determined by the Board including but not limited to securities and derivative instruments and investment contracts,
- m) TCMA: Turkish Capital Markets Association,
- n) Investment enterprise: Brokerage houses, banks and other capital market institutions which are determined by the Board in terms of the establishment and operating principles, to provide investment services and activities,
- o) Board of Directors: Board of Directors of Borsa.

SECOND SECTION

Organization, Duties and Authorities of the Committees

Authority in the Resolution of Disputes

Article 5- (1) Disputes arising from exchange transactions between the persons authorized to trade are resolved by the Board of Directors upon the application of one of the parties and the ones between the persons authorized to trade and their customers upon the application of the customer.

(2) The relevant Committee assists the Board of Directors in resolving disputes.

(3) The right of the parties to apply to the judicial authorities or to arbitration regarding the dispute is reserved.

(4) Borsa disclaims any liability for the execution of the dispute resolutions.

Establishment and Structure of the Committees

Article 6- (1) Two committees are established respectively; hence, to examine the disputes specified in subsection (a) of the first paragraph of the second article of the Directive, established as the Capital Market Instruments' Dispute Committee; and to examine the disputes specified in subsection (b) of the first paragraph of the second article of the Directive, established as Precious Metals Market and Precious Metals Lending Market Dispute Committee.

(2) Each Committee consists of one Chairman and two members to be elected respectively by the Board of Directors. Three associate members are again elected respectively for each Committee by the Board of Directors.

(3) Each Committee member has two years of tenure. Former Committee members maintain their occupation until the new Committee members are elected.

(4) Candidate applications are received from 45 days prior to the end of tenure of Committee members. A candidate list which shall include at least three times more candidates than the vacancies, could be submitted by TCMA to the Board of Directors. The candidate list and the applications are not legally binding for the Board of Directors.

(5) In the election of new Committee members, candidates shall require:

- a) Having dignity and honesty that the job requires,
- b) Having undergraduate or graduate level of education in business, economics, finance, public administration, international relations, law, engineering, capital markets or banking,
- c) Favorably, being a unit manager or an executive manager in institutions that are authorized to trade in markets and/or marketplaces related to the Committees' purview, with at least ten years of a professional experience, employed in legal or audit units of institutions that are authorized to trade and a license holder of Capital Market Activities on Level 3,

to meet the criteria required for the position.

Duties and Authorities of the Committees

Article 7- (1) Committees assist the Board of Directors by presenting their opinion with disputes regarding exchange transactions.

(2) Committees are authorized to gather documents and information regarding the dispute, to perform examination of any nature, to hear the testimony of witnesses and parties, to request a review at the Supervision and Oversight Board, to demand opinion from all units that are appertaining to the dispute and to call for clarification from the parties.

(3) Chairmen of the Committees are in charge and competent to the distribution of work between the Committee members and the coordination of work of the Committees.

Confidentiality Obligation

Article 8- (1) Committee members are obliged to withhold the confidentiality of the confidential information of Borsa and companies, partnerships, institutions and all kinds of any natural and legal persons who have a business relation with Borsa that they required due to their job and by being Committee member and not to disclose the confidential information in any way other than the persons and authorities appointed and authorized by the regulation and are obliged not to exploit the confidential information for the benefit or harm of their self or third parties.

(2) This obligation shall also proceed to exist beyond the term of office of Committee members.

(3) Committee members who violate the confidentiality obligation may no longer take part in the committees of Borsa. Borsa notifies the relevant authorities about the violation in order to implement the provisions of Article 239 of the Turkish Penal Law dated 26/09/2004 and numbered 5237.

THIRD SECTION

Procedures and Principles Regarding the Dispute Resolution Process

Application and Dispute Engagement Fee

Article 9- (1) The process of dispute resolution commences upon the written application of one of the parties for the disputes between the persons authorized to trade and upon the written application of the customer between the persons authorized to trade and their customers and following the payment of the dispute engagement fee determined by the Board of Directors and approved by the Board.

(2) Application letter of dispute shall cover the following issues:

- a) Names and surnames, addresses and the contact information of the parties and, if any, their legal representatives,
- b) Particular explanatory details of the exchange transaction(s) subject to the dispute in terms of date, purchase, sale, quantity, price and similar issues,

- c) Material facts, legal grounds, probative documents and evidences,
 - ç) Clearly stating the request,
 - d) Signature of the petitioner or its legal representative.
- (3) The receipt which guarantees the dispute engagement fee payment is compensated shall be attached to the application letter of dispute.
- (4) Applications that are filed through the electronic medium which is formed by Borsa shall also be considered a written application.

Prescription Period of Dispute Process

Article 10- (1) Applications that are not filed within two years from the date of the exchange transaction subject to the dispute shall not be examined by Borsa.

(2) The prescription period shall be respectively considered for each transaction respectively.

Preliminary Examination

Article 11- (1) Letter of application shall be subjected to preliminary examination by the Rapporteur.

(2) In consequence of preliminary examination;

a) If none of the claims subject to the application is related to an exchange transaction, the Committee decides to reject the application.

b) In case of that the dispute engagement fee is not compensated or if there is a deficit in the application letter or documents, the Rapporteur grants the applicant a 15-day period by stating what the deficits are. In case the application is not in accordance with the procedure or the deficits are not fulfilled within the given time period, the Committee determines to consider the application as not filed.

c) If it is determined that the application is not filed within the prescription period, the Committee decides to reject the application.

(3) If the application is rejected or deemed not filed after the preliminary examination, the Committee decision is notified to the applicant by the Rapporteur within three working days. In that case, if the dispute engagement fee was compensated, it shall be refunded to the applicant.

Notice of the Dispute Application and Impar lance

Article 12- (1) Within three working days after the Rapporteur concludes the preliminary examination stage, a copy of the application letter of dispute or a summary of the request is notified to the other party to submit the plea. The notice in question may be made by one of the procedures specified in Article 20 of this Directive.

(2) The other party may submit the plea, relevant information and documents and evidences based on the dispute in ten business days from the notice day of the dispute application. In cases where it is challenging or impossible to prepare the plea in ten days depending on the circumstances and conditions, extension may be granted by the Rapporteur to the party, not more than ten working days, provided that the extension request is made within the response time.

Examination

Article 13- (1) The Rapporteur is authorized to gather documents and information regarding the dispute, to perform examination of any nature, to request a review at the Supervision and Oversight Board, to demand opinion from all units that are appertaining to the dispute and to call for clarification from the parties.

(2) After the correspondence regarding the file, the examination and similar procedures carried out by the Supervision and Oversight Board or other units are completed; the Rapporteur prepares a report and submits it to the relevant Committee within 30 business days.

(3) Committee establishes a resolution within the 10 business days from the submission of the report.

Committee Resolutions

Article 14- (1) Committee resolution regarding the dispute is submitted to the General Manager within three business days from its establishment to be forwarded to the Board of Directors.

(2) Committee resolutions shall include;

a) Date of and number of the resolution and meeting,

b) Summary of the claim and the defense,

c) Technical and legal summary of the issues which were examined and discussed,

ç) In case that it could be determined, the amount of compensation that is subjected to the resolution,

d) Name and surnames of the Committee members who made the resolution,

e) Names and surnames of the parties and, if any, their representatives and proxies,

f) Legal basis and grounds of the resolution,

g) Rights and obligations imposed on the parties,

ğ) Signatures of the members who made the resolution and the dissenting votes, if any.

The Resolution of the Board of Directors and Legal Remedies

Article 15- (1) The resolution regarding the dispute is made by the Board of Directors. The parties shall be given notice within three days from the receipt date of the resolution by the Rapporteur.

(2) If the amount of compensation included in the resolution of the Board of Directors regarding the dispute arising from the exchange transactions is more than the amount determined in accordance with the 5th paragraph of the article 84 of the Law, the resolution could be objected to the Board through Borsa channel within fifteen days from the notice date.

(3) The Board establishes the definitive resolution. Administrative jurisdiction could be appealed against the given resolution.

(4) No appeal can be made against the resolutions of the Board of Directors in disputes regarding the PMM and PMLM transactions among those who are authorized to make transactions, other than investment institutions, or with their customers.

Removal of the File

Article 16- (1) In the event that the complaint is withdrawn, that the parties resolve the dispute amicably or apply to the court or arbitration, persons authorized to trade are obliged to notify Borsa in writing within three business days from the date they are informed of the situation.

(2) Upon learning of the above-mentioned situations;

a) Committee decides to remove the file.

b) The dispute engagement fee is not refunded and is registered as income on the Borsa.

(3) In the event that the Committee determines to consider the application as not filed, that the complaint is withdrawn, that the parties resolve the dispute amicably or apply to the court or arbitration, no re-application can be made to Borsa for the same dispute.

FOURTH SECTION
Procedures and Principles Regarding the Meetings and Resolutions of the Committees

Quorum

Article 17- (1) Committees convene at Borsa with the presence of at least two members.

(2) The resolutions of the Committees require the same vote of at least two members.

(3) Committee members can not abstain from voting during the process of making resolutions. Dissenting opinions are attached to the resolution.

(4) The Committees conclude the examination within a total of one hundred and thirty business days from the date of the dispute application and submit their resolution to the Board of Directors. The Board of Directors may grant extensional time to the Committees if needed.

Confidentiality of the Meetings

Article 18- (1) The meetings of the Committees are confidential and no one other than the Committee members, the Rapporteur and the relevant Borsa officials that are approved by the Committee Chairmen could attend the meetings.

Prohibition on Participation

Article 19- (1) Committee members are prohibited from participating in Committee meetings and voting on issues regarding themselves or the organizations they represent, one of their descendants, one of their spouses, or one of their relatives by blood and in-laws up to the third degree, including the third degree.

(2) In the event of the prohibition on participation is violated by one of the Committee members, the resolutions taken are deemed invalid and the membership of the member who violates the prohibition is terminated by the resolution of the Board of Directors, thus, if Borsa suffers any damage directly or indirectly, the damage is compensated by the member who violates the prohibition of participation.

Notice and Dispute Records

Article 20- (1) The resolution of the Board of Directors is given notice to the parties or their representatives by one of the procedures mentioned below:

- a) By registered letter with return receipt to the known addresses of the parties,
- b) By hand delivery in return of the signatures of themselves or their representatives,
- c) By electronic notice.

(2) Borsa keeps a book for recording the dispute resolutions or these records are kept electronically.

(3) Dispute cases are stored physically or electronically for at least ten years.

FIFTH SECTION
Final Provisions

Repealed Directive

Article 21- (1) Borsa İstanbul A.Ş. Dispute Committees' Working Procedures and Principles Directive, which was accepted and entered into force at the meeting of the Board of Directors on 18/07/2012, is repealed on the effective date of this Directive.

Term of Office of Current Members of the Dispute Committee

Provisional Article 1- (1) The duties of the existing members of the Dispute Committee shall expire on the date the Committee members are determined in accordance with this Directive.

Application of Members to be Elected in Accordance with the Directive

Provisional Article 2- (1) Applications are received within twenty days from the effective date of this Directive for the membership of the Committees to be established in accordance with this Directive.

Enforcement

Article 22- (1) This Directive enters into force on 01/11/2017.

Execution

Article 23- (1) The General Manager executes the provisions of this Directive.